

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: November 23, 2005

Subject: October 2005 Financial Report

Attached is the Monthly Financial and Operations Report for the period ending October 31, 2005.

GENERAL FUND – Fiscal Year 2006

We are currently projecting a \$2.9 million surplus for the General Fund for Fiscal Year 2006, or a \$10.4 million net increase in revenues over last month's numbers. \$9.6 million of the increase is due to three factors: a one-time sale of land, reimbursement received as a result of the Reliant rate case and higher than expected interest earnings. The remaining \$800,000 is attributed to an adjustment in electricity costs in Building Services.

ENTERPRISE FUNDS

Aviation reflects a \$4 million decrease in Income before Operating Transfers. This is the net after a \$5 million increase in interest earnings on investments and a \$9 million increase in utility costs.

Operating Income for Convention and Entertainment increased by \$200,000 due to increased collections of delinquent Hotel Occupancy Taxes. Non-operating Service Expenditures increased by \$1 million due to higher than expected utility rates, resulting in an overall decrease in Income before Operating Transfers of \$800,000.

Operating Income for the Combined Utility System decreased by \$21 million. The net change consists of \$23.8 million in increased Electricity and Gas expenditures that are the result of higher rates. These higher utility costs are offset by a \$600,000 decrease in Supplies that are attributed to reduced fuel usage and a \$2.2 million decrease in Contracts and Other Payments.

Non-operating revenues increased by \$5.8 million. The increase is attributed to \$2.4 million from the release of escrow proceeds and \$4.4 million in Sale of Property. This is offset by an increase of \$1 million in HAWC Debt Service expenditures.

COMMERCIAL PAPER AND BONDS

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

General Obligation	19.2%
Combined Utility System	18.3%
Aviation	21.7%
Convention and Entertainment	28.0%

Respectfully submitted,



Annise D. Parker
City Controller